Public Sector Superannuation Accumulation Plan (ABN 65 127 917 725)

Statement by the Trustee of the Public Sector Superannuation Accumulation Plan ('Plan')

The Board of Directors hereby states that in its opinion:

(a) The accompanying financial statements of the Public Sector Superannuation Accumulation Plan are properly drawn up so as to present fairly the financial position of the Plan as at 30 June 2018 and the financial performance, changes in equity, changes in member benefits and cash flows of the Plan for the year ended on that date;

(b) at the date of this statement there are reasonable grounds to believe that the Plan will be able to pay its debts as and when they fall due;

(c) the financial statements are in a form agreed by the Minister for Finance and the Trustee in accordance with sub-section 30(1)(d) of the *Governance of Australian Government Superannuation Schemes Act 2011* and have been prepared in accordance with Australian Accounting Standards and other mandatory professional reporting requirements;

(d) the financial statements have been prepared based on properly maintained financial records; and

(e) the operations of the Plan were conducted in accordance with the *Governance of Australian Government Superannuation Schemes Act 2011,* the *Superannuation Act 2005,* the Trust Deed establishing the Plan, the requirements of the *Superannuation Industry (Supervision) Act 1993* and regulations, and the relevant requirements of the *Corporations Act 2001* and regulations (to the extent applicable).

Signed this 24th day of September 2018 in accordance with a resolution of directors of Commonwealth Superannuation Corporation (ABN 48 882 817 243) as Trustee of the Plan.

Patricia Cross Chair	Margaret Staib Director

Public Sector Superannuation Accumulation Plan
Statement of Financial Position
As at 30 June 2018

	Note	2018 $'000	2017 $'000
Assets			
Cash and cash equivalents		**196 225**	197 448
Deferred tax asset	9c	**1 018**	1 075
Investments in pooled superannuation trust	5	**12 489 552**	10 565 179
Other receivables	4	**543**	926
Total assets		**12 687 338**	10 764 628
Liabilities			
Benefits and pensions payable		**(2 175)**	(1 267)
Income tax payable		**(161 608)**	(160 135)
Other payables	8	**(8 085)**	(8 221)
Total liabilities excluding member benefits		**(171 868)**	(169 623)
Net assets available for member benefits		**12 515 470**	10 595 005
Defined contribution member liabilities			
Allocated to members	10	**(12 430 848)**	(10 519 655)
Unallocated to members	10	**(41 169)**	(40 786)
Total defined contribution member liabilities		**(12 472 017)**	(10 560 441)
Net assets		**43 453**	34 564
Equity			
Operational risk reserve		**(43 453)**	(34 564)
Total equity		**(43 453)**	(34 564)

The attached notes form part of these financial statements.

Public Sector Superannuation Accumulation Plan
Income Statement
For the Financial Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
Investment revenue			
Interest		**2 059**	2 264
Changes in fair value of investments	6c	**1 005 985**	852 869
Other revenue		**87**	495
Total revenue		**1 008 131**	855 628
Other administration expenses		**(10 402)**	(10 646)
Total expenses		**(10 402)**	(10 646)
Operating results		**997 729**	844 982
Net benefits allocated to members' accounts		**(998 379)**	(845 684)
Operating result before income tax benefit		**(650)**	(702)
Income tax benefit	9a	**1 218**	1 208
Operating result after income tax benefit		**568**	506

The attached notes form part of these financial statements.

Public Sector Superannuation Accumulation Plan
Statement of Changes in Member Benefits
For the Financial Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
Opening balance of member benefits allocated at the beginning of the financial year		**10 519 655**	8 751 495
Contributions:			
Member contributions	7a	**55 203**	74 082
Employer contributions	7a	**1 154 146**	1 135 053
Transfers from other funds	7a	**423 555**	324 330
Government co-contributions	7a	**205**	259
Low income superannuation tax offset	7a	**2 974**	3 538
Income tax on contributions	9b	**(174 864)**	(170 658)
Net after tax contributions		**1 461 219**	1 366 604
Benefits to members	7b	**(504 018)**	(400 482)
Insurance premiums paid to insurer		**(79 647)**	(65 936)
Insurance claim payments received from insurer		**32 017**	30 921
Tax rebate on insurance premiums paid to insurer	9b	**11 947**	9 890
Net benefits allocated to members' accounts		**998 379**	845 684
Net transfers to reserves		**(8 321)**	(3 098)
Net increase in amounts not yet allocated to members' accounts		**(383)**	(15 423)
Closing balance of member benefits allocated at the end of the financial year		**12 430 848**	10 519 655

The attached notes form part of these financial statements.

Public Sector Superannuation Accumulation Plan
Statement of Changes in Equity
For the Financial Year Ended 30 June 2018

	Operational risk reserve $'000	Total equity $'000
Opening balance as at 1 July 2016	30 960	30 960
Operating result	506	506
Net transfers to / (from) reserves	3 098	3 098
Closing balance as at 30 June 2017	34 564	34 564
Opening balance as at 1 July 2017	**34 564**	**34 564**
Operating result	**568**	**568**
Net transfers to / (from) reserves	**8 321**	**8 321**
Closing balance as at 30 June 2018	**43 453**	**43 453**

The attached notes form part of these financial statements.

Public Sector Superannuation Accumulation Plan
Statement of Cash Flows
For the Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
Cash flows from operating activities			
Interest received		**2 058**	2 294
Income tax (paid) / received		**1 062**	1 107
Other revenue received		**462**	22
Other administration expenses paid		**(11 206)**	(12 074)
Net cash (outflows) / inflows from operating activities	11b	**(7 624)**	(8 651)
Cash flows from investing activities			
Purchase of investments		**(1 061 058)**	(1 019 214)
Proceeds from sale of investments		**142 689**	81 208
Net cash (outflows) from investing activities		**(918 369)**	(938 006)
Cash flows from financing activities			
Contributions received			
Employer		**1 154 224**	1 134 964
Member		**55 203**	74 082
Transfers from other funds		**423 555**	324 330
Government co-contributions		**205**	259
Low income superannuation tax offset		**2 974**	3 538
Income tax paid on contributions		**(171 478)**	(167 575)
Insurance claim payments received from insurer		**32 017**	30 921
Insurance premiums paid to insurer		**(79 116)**	(62 869)
Tax rebate received on insurance premiums		**10 296**	5 726
Benefits and pensions paid		**(503 110)**	(400 475)
Net cash inflows from financing activities		**924 770**	942 901
Net (decrease) / increase in cash held		**(1 223)**	(3 756)
Cash at the beginning of the financial year		**197 448**	201 204
Cash at the end of the financial year	11a	**196 225**	197 448

The attached notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

1. DESCRIPTION OF THE PLAN

The Public Sector Superannuation Accumulation Plan ('Plan') is a defined contribution scheme constituted by Trust Deed dated 29 June 2005 under the *Superannuation Act 2005* and is domiciled in Australia. The Trustee of the Plan is the Commonwealth Superannuation Corporation (CSC) (ABN 48 882 817 243).

The principal place of business and registered office of the Plan is 7 London Circuit, Canberra, ACT 2601.

Contributions of the employers and the employees are made in accordance with the terms of the Trust Deed. The members' accounts are credited or debited each year with contributions and their proportionate share of the net investment income, expenses and income tax expense of the Plan.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial report of the Plan is a general purpose financial report which has been prepared in accordance with Accounting Standards and Interpretations, the *Superannuation Industry (Supervision) Act 1993* . For the purposes of preparing financial statements, the Plan is a not-for-profit entity.

The form of these financial statements has been agreed by the Minister for Finance and the Trustee in accordance with sub-section 30(1)(d) of the *Governance of Australian Government Superannuation Schemes Act 2011* .

The financial statements of the Plan were authorised for issue by the Directors of the Trustee on 24 September 2018.

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

Standards adopted with no significant impact on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. The adoption has not had any significant impact on the amounts or disclosures reported in these financial statements but may affect the accounting for future transactions or arrangements.

Standard / Interpretation	**Effective for annual reporting periods**
AASB 1048 'Interpretation of Standards'	ending on or after 31 December 2017
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	beginning on or after 1 January 2017
AASB 2016-7 'Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities'	beginning on or after 1 January 2017

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

2. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

Standards in issue but not yet effective

At the date of authorisation of the financial report, the following Standards which are expected to be relevant to the Plan were in issue but not yet effective. The directors anticipate the adoption of these Standards will have no material financial impact on the financial report of the Plan.

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 15 'Revenue from Contracts with Customers', **AASB 2014-5** 'Amendments to Australian Accounting Standards arising from AASB 15', **AASB 2015-8** 'Amendments to Australian Accounting Standards - Effective Date of AASB 15', and **AASB 2016-3** 'Amendments to Australian Accounting Standards - Clarifications to AASB 15'	1 January 2019	30 June 2020
AASB 1058 'Income of Not-for-Profit Entities'	1 January 2019	30 June 2020
AASB 2016-8 'Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities '	1 January 2019	30 June 2020
AASB 2017-4 'Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments'	1 January 2019	30 June 2020
AASB 2017-6 'Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation'	1 January 2019	30 June 2020
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', **AASB 2015-10** 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128', **AASB 2017-5** 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.'	1 January 2019	30 June 2020

(b) Functional and presentation currency

The financial statements are presented in Australian dollars, which is the functional currency of the Plan.

Amounts in these financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

(c) Use of judgements and estimates

In the application of Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Accounting Standards that have significant effects on the financial statements, and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented in these financial statements for the year ended 30 June 2017. Where necessary, disclosures of comparative numbers have been restated to be consistent with the current period.

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank used to transact member and employer contributions, transfers to and from other funds, benefit payments and tax liabilities.

(b) Financial assets

Financial assets (being investments in a pooled superannuation trust, cash at bank and other receivables) are recognised on the date the Plan becomes a party to the contractual provisions of the asset. Financial assets are recognised using trade date accounting. After initial measurement, any gains and losses from changes in fair value are recognised in the Income Statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair values have been determined as follows:

(i) Units in a pooled superannuation trust are valued at the redemption price at close of business on the last business day of the reporting period as notified by the manager of the trust, reflecting the fair value of the underlying investments.

(ii) Other receivables are recognised at nominal amounts due which approximate fair value. All amounts are unsecured and are subject to normal credit terms.

(c) Foreign Currency Transactions

The Plan does not undertake transactions denominated in foreign currencies.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(d) Payables

Payables (being other payables and benefits and pensions payable) are recognised at their nominal value which is equivalent to fair value.

Other payables
Other payables represent liabilities for services provided to the Plan during the financial period and which are unpaid at reporting date. All amounts are unsecured. Creditors are subject to normal credit terms.

Benefits payable
Benefits payable to a member are recognised where a valid withdrawal notice has been received from the employer sponsor, and approved, but payment has not been made by reporting date.

(e) Defined contribution member liabilities

Defined contribution member liabilities are measured as the amount of member account balances as at the reporting date (Note 10).

(f) Contributions

Employer and member contributions, transfers from other funds, superannuation co-contributions and low income superannuation tax offests contributions from the Commonwealth Government are recognised when there is a right to receive the contribution.

(g) Operational risk reserve

The purpose of the operational risk reserve (ORR) is to provide adequate financial resources to address potential losses arising from an operational risk event. The ORR is operated in accordance with an ORR policy. The level of the reserve is determined by the Trustee Directors and reviewed annually, based on an assessment of the risks faced by the Fund. The transferred assets underlying the ORR are held in separate cash options of the ARIA Investments Trust ('AIT') and income earned on these assets is recognised in the reserve.

(h) Derivatives

The Plan does not directly enter into derivative financial instruments.

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Specific revenues are recognised as follows:

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(i) Revenue (continued)

Investment revenue
Interest revenue is recognised on an accrual basis.

Changes in the fair value of investments are recognised as income and are determined as the difference between the fair value at year end or consideration received (if sold during the year) and the fair value as at the prior year end or cost (if the investment was acquired during the period).

(j) Expenses

Expenses are recognised on an accruals basis and, if not paid at reporting date, are reflected in the Statement of Financial Position as an accrual or payable depending upon whether or not the expense has been billed.

(k) Insurance Premiums

Death and total and permanent disability insurance premiums are charged to member accounts on a monthly basis and then remitted to the life insurer in arrears.

(l) Income Tax

Income tax is recognised in the Income Statement and the Statement of Changes in Member Benefits. As the Scheme invests in the AIT, which is a pooled superannuation trust, tax on this investment revenue is paid by the AIT.

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for the current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

(l) Income Tax (continued)

Deferred tax (continued)
In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Plan expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Plan intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax for the period is recognised as an expense or benefit in the Income Statement, except for tax on contributions, which is recognised in the Statement of Changes in Member Benefits.

(m) Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of goods and services tax ('GST') recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit. Where the amount of GST incurred is not recoverable from the ATO, it is recognised as part of the cost of acquisition of an asset or as an expense item.

Receivables and payables are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

4. OTHER RECEIVABLES

	2018	2017
	$'000	$'000
Receivable from the ARIA Investments Trust	**69**	88
Interest receivable	**188**	187
GST receivable	**188**	178
Administrator lag loss receivable	**63**	108
Compensation receivable	**35**	365
	543	926

There are no receivables that are past due or impaired (2017: nil).

5. INVESTMENTS

	2018	2017
	$'000	$'000
Pooled superannuation trust - ARIA Investments Trust	**12 489 552**	10 565 179
	12 489 552	10 565 179

6. CHANGES IN FAIR VALUE OF INVESTMENTS

		2018	2017
		$'000	$'000
(a)	**Investments held at 30 June:**		
	Pooled superannuation trust - ARIA Investments Trust	**993 265**	843 108
(b)	**Investments realised during the year:**		
	Pooled superannuation trust - ARIA Investments Trust	**12 720**	9 761
(c)	**Total changes in fair value of investments**	**1 005 985**	852 869

7. FUNDING ARRANGEMENTS

(a) Contributions

Employer Contributions
Employers contribute at least 15.4% (2017: 15.4%) of employee's superannuation salary to the Plan, subject to superannuation law. Employers may also make salary sacrifice contributions (before tax) to the Plan on behalf of members.

Member Contributions
Members may make voluntary contributions to the Plan in the form of personal contributions (after tax).

Transferring superannuation from other funds
Money invested in other superannuation funds can be rolled over to the Plan.

Spouse Contributions
Additional contributions can be made by a spouse on behalf of a member of the Plan.

Government Co-Contributions
For the financial years ended 30 June 2018 and 30 June 2017, the Commonwealth Government contributed $0.50 for every $1.00 of eligible personal after-tax member contributions paid to the Plan up to a maximum of $500 per member.

Low income superannuation tax offset
The low income super contribution (LISC) was a Commonwealth Government superannuation payment of up to $500 for the financial years 2012-13 to 2016-17. The LISC was renamed the Low Income Superannuation Tax Offset (LISTO) and applies from the 2017-18 year onwards. LISC/LISTO payments are recognised as revenue when received.

(b) Benefits paid

Where a member meets a condition of release and a valid application is received, the benefit is paid to the beneficiary from the Plan.

Where members invest in a standard or transition retirement income stream (pension) via the Commonwealth Superannuation Corporation retirement income product (CSCri), regular income payments are made to the member from the Plan. Standard retirement income stream members also have access to ad hoc withdrawals.

Benefits paid by the Plan during the year are as follows:

	2018 $'000	2017 $'000
Lump sum benefits paid and payable	**486 274**	385 922
Pensions paid and payable	**17 744**	14 560
Total	**504 018**	400 482

7. FUNDING ARRANGEMENTS (continued)

(c) Costs of Managing, Investing and Administering the Plan

Costs of and incidental to the management of the Plan and the investment of its money are charged against the assets of AIT that are referable to the Plan. Transactions in respect of these costs have been brought to account in the financial statements of AIT.

Expenses met by the AIT and referable to the Plan are as follows:

	2018 $'000	2017 $'000
Investment		
Investment manager fees	**14 514**	18 012
Custodian fees	**1 673**	1 466
Investment consultant and other service provider fees	**2 036**	1 352
Other investment expenses	**712**	746
Total direct investment expenses	**18 935**	21 576
Regulatory fees	**1 095**	1 066
Other operating expenses	**11 965**	8 238
Total costs	**31 995**	30 880

Administration fees are paid by members and used to pay costs other than those incurred in managing and investing Plan assets. Costs funded by these administration fees are disclosed as ‘other administration expenses’ in the Income Statement and include $1,286,179 (2017: $1,233,802) charged to the Plan by CSC for acting as Trustee of the Plan during the reporting period.

8. OTHER PAYABLES

	2018 $'000	2017 $'000
Insurance premiums payable	**6 974**	6 443
Employer contributions refundable	**95**	13
Witholding tax payable	**101**	52
Accrued expenses	**915**	1 713
	8 085	8 221

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

9. INCOME TAX

	2018	2017
	$'000	$'000
(a) Income tax recognised in operating results		
Tax benefit comprises:		
Current tax benefit	**(1 354)**	(1 067)
Deferred tax income relating to the origination and reversal of temporary differences	**136**	(141)
Total tax benefit	**(1 218)**	(1 208)

The prima facie income tax benefit on the operating result before income tax reconciles to the income tax benefit in the Income Statement as follows:

	2018	2017
Operating result before income tax	**(650)**	(702)
Income tax benefit calculated at 15%	**(98)**	(105)
Net benefits allocated to members during the year	**149 757**	126 853
Non-deductible administration expenses	**35**	54
Investment revenue already taxed	**(150 898)**	(127 930)
Other revenue not taxable	**(8)**	(72)
Investment revenue not taxable	**(6)**	(8)
Total tax benefit	**(1 218)**	(1 208)

9. INCOME TAX (continued)

(b) Income tax recognised in Statement of Changes in Member Benefits

	2018 $'000	2017 $'000
Contributions received:		
Member contributions	**55 203**	74 082
Employer contributions	**1 154 146**	1 135 053
Transfers from other funds	**423 555**	324 330
Government co-contributions	**205**	259
Low income superannuation tax offset	**2 974**	3 538
Total Contributions	**1 636 083**	1 537 262
Contributions tax calculated at 15%	**245 412**	230 589
Member contributions not subject to tax	**(8 280)**	(11 102)
Government co-contributions not subject to tax	**(31)**	(39)
Low income superannuation tax offset not subject to tax	**(446)**	(531)
Transfers from other funds not subject to tax	**(61 589)**	(47 645)
Anti Detriment deduction	**-**	(865)
Net tax on contributions for which no TFN was provided	**(132)**	225
Under / (over) relating to prior year	**(70)**	26
Total income tax on contributions	**174 864**	170 658
Tax rebate on insurance premiums paid to insurer		
Current tax rebate on deductible group life insurance	**(11 868)**	(9 430)
Deferred tax rebate relating to deductible group life insurance	**(79)**	(460)
Total tax rebate on insurance premiums paid to insurer	**(11 947)**	(9 890)

9. INCOME TAX (continued)

	2018	2017
	$'000	$'000
(c) Deferred tax balances		
Deferred tax asset:		
Temporary differences	**1 018**	1 075
	1 018	1 075

Taxable and deductible temporary differences arise from the following:

2018	**Opening balance**	**Charged to income**	**Closing balance**
	$'000	**$'000**	**$'000**
Gross deferred tax assets / (liabilities):			
Interest receivable	**(28)**	**-**	**(28)**
Insurance premiums payable	**967**	**79**	**1 046**
Accrued expenses	**136**	**(136)**	**-**
	1 075	**(57)**	**1 018**

2017	Opening balance	Charged to income	Closing balance
	$'000	$'000	$'000
Gross deferred tax assets / (liabilities):			
Interest receivable	(33)	5	(28)
Insurance premiums payable	507	460	967
Accrued expenses	-	136	136
	474	601	1 075

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

10. DEFINED CONTRIBUTION MEMBER LIABILITIES

Defined contribution members bear the investment risk relating to the underlying assets and unit prices used to measure defined contribution member liabilities. Unit prices are updated on a daily basis for movements in investment markets.

At 30 June 2018 $41,169,000 (2017: $40,786,000) has not been allocated to members' at balance date. The amount not yet allocated to members' accounts relates to timing differences, which includes contributions received by the Plan that have not been able to be allocated to members as at balance date and valuation differences.

The Plan's management of the investment market risks is as disclosed in Note 13.

11. CASH FLOW INFORMATION

	2018	2017
	$'000	$'000

(a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, cash represents cash at bank. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2018 $'000	2017 $'000
Cash at bank	**196 225**	197 448

(b) Reconciliation of operating results after income tax to net cash inflows / (outflows) from operating activities

	2018 $'000	2017 $'000
Operating result after income tax expense	**568**	506
Net benefits allocated to members' accounts	**998 379**	845 684
Changes in fair value of investments	**(1 005 985)**	(852 869)
Decrease/(increase) in other receivables	**364**	(448)
Decrease/(increase) in deferred tax asset	**136**	(141)
Increase/(decrease) in other payables	**(794)**	(1 423)
Increase/(decrease) in income tax payable	**(292)**	40
Net cash (outflows) / inflows from operating activities	**(7 624)**	(8 651)

12. AUDITOR'S REMUNERATION

	2018	2017
	$	$
Amounts paid or payable to the Australian National Audit Office for audit services:		
Financial statements	**48 600**	77 000
Regulatory returns and compliance	**32 400**	34 500
Total	**81 000**	111 500

The audits and reviews were provided by the Australian National Audit Office. The audit fees will be charged against the assets of the AIT that are referable to the Plan.

Deloitte Touche Tohmatsu are contracted by the ANAO to provide audit services on its behalf. Fees for those services are included above.

No other services were provided by the Australian National Audit Office or Deloitte Touche Tohmatsu to the Plan during the reporting period.

13. FINANCIAL INSTRUMENTS

(a) Financial instruments management

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The investments of the Plan (other than cash held for managing contribution receipts, insurance expenses, benefit payments and tax payments) comprise units in the AIT. AIT is a pooled superannuation trust which is also governed by the Trustee. This type of investment has been determined by the Trustee to be appropriate for the Plan and is in accordance with the Plan's published investment strategy. The Trustee applies strategies to manage risk relating to the investment activities of the AIT. The investments of AIT are managed on behalf of the Trustee by specialist sector fund managers who are required to invest the assets in accordance with contractual investment mandates.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 3 to the financial statements.

13. FINANCIAL INSTRUMENTS (continued)

(c) Capital risk management

The RSE licence of the Trustee of the Scheme required the Trustee to maintain a balance of at least $100 000 in an administration reserve account in the AIT. This requirement was revoked on 24 February 2017. The Trustee of the Scheme was in compliance with this requirement through to the date of revocation. The RSE licence of the Trustee of the Scheme also requires the Trustee to maintain adequate financial resources to address losses arising from operational risks that may affect registrable superannuation entities within its business operations in the form of operational risk reserve(s), operational risk trustee capital or a combination thereof to meet the target amount of financial resources that the RSE licensee determines is necessary to respond to these losses. The Trustee of the Scheme was in compliance with this requirement throughout the reporting period.

(d) Categories of financial instruments

The financial assets and liabilities of the Plan are recognised at fair value as at the reporting date. Changes in fair value are recognised in the Income Statement.

(e) Financial risk management objectives

The Plan is exposed to a variety of financial risks as a result of its pooled investments in the AIT. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Plan's risk management and investment policies, approved by the Trustee, seek to minimise the potential adverse effects of these risks on the Plan's financial performance. These policies may include the use of financial derivative instruments.

The Trustee ensures that there is an effective risk management control framework in place for the Plan. Consistent with regulatory requirements, the Trustee has developed, implemented and maintains a Risk Management Framework to identify the policies, procedures, processes and controls that comprise its risk management and control systems for the Plan and for the Plan's investments through the AIT. The overall investment strategy of the Plan is set out in the Trustee's approved investment policies which address the investment strategy and objectives and risk mitigation strategies including risk mitigation relating to the use of derivatives.

The Trustee's internal investment team monitors and manages the financial risks relating to the Plan's investments. Derivative Risk Statements set out the strict parameters for the Trustee's investment managers authorised to use derivatives. In essence, derivatives cannot be used to raise the level of risk above the level it would otherwise have been, and derivatives cannot be used to leverage the investments.

13. FINANCIAL INSTRUMENTS (continued)

(e) Financial risk management objectives (continued)

The Plan's investments are managed on behalf of the Trustee by specialist external investment managers who invest their respective fund allocation in accordance with the terms of a written investment mandate or disclosure document. The Trustee has determined that the appointment of these managers is appropriate for the Plan and is in accordance with its investment strategy.

(f) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Plan. In its capacity as trustee of AIT, the Trustee has adopted a policy of spreading the aggregate value of transactions across approved creditworthy counterparties as a means of mitigating the risk of financial loss. The Plan's exposure to its counterparties are continuously monitored by the Trustee.

The largest exposure to a single counterparty is to cash held by the investment master custodian Northern Trust. Credit risk relating to the master custodian is mitigated through contract indemnity provisions. Other than the master custodian, no individual exposure within AIT exceeded 5% of net assets of that trust at 30 June 2018 or 30 June 2017.

The credit risk on the Plan's directly held cash and cash equivalents and interest receivable is limited because the counterparty is the Reserve Bank of Australia.

The table below shows the maximum exposure of financial assets to credit risk at the reporting date:

	2018	2017
	$'000	$'000
Investments		
Pooled Superannuation Trust - ARIA Investments Trust	**12 489 552**	10 565 179
Other financial assets		
Cash and cash equivalents	**196 225**	197 448
Other receivables	**355**	748
Total financial assets	**12 686 132**	10 763 375

There has been no change to the Plan's exposure to credit risk or the manner in which it manages and measures that risk during the reporting period.

13. FINANCIAL INSTRUMENTS (continued)

(g) Liquidity risk

Liquidity risk is the risk that the Plan will encounter difficulty in either realising assets or otherwise raising sufficient funds to meet its financial liabilities and/or member benefit payments or tax liabilities.

The Trustee's approach to managing liquidity is to ensure that the Plan will always have sufficient liquidity to meet its liabilities and member withdrawals. The Plan allows members to withdraw benefits, and it is therefore exposed to the liquidity risk of meeting member withdrawals at any time. The Plan has a high level of net inward cash flows through new contributions which provide capacity to manage liquidity risk. The Trustee undertakes forecasting and scenario testing of the cashflow requirements of the Plan to ensure timely access to sufficient cash and holds actively-traded, highly-liquid investments to meet anticipated funding requirements.

As a further risk mitigation strategy, it is the Trustee's policy that the target asset allocation to illiquid assets is limited to around 25% of the investments of the AIT (with a plus or minus 10 percentage point rebalancing range around that target). Regular scenario testing is performed to confirm the validity of the strategy.

The following tables summarise the maturity profile of the Plan’s financial liabilities. The tables have been drawn up based on the contractual undiscounted cash flows of financial liabilities based on the earliest date on which the Plan can be required to pay. The tables include both interest and principal cash flows.

Financial Liabilities maturity profile:

	Less than 3 months $'000	3 months to 1 year $'000	1-5 years $'000	Over 5 years $'000	Total $'000
30 June 2018					
Benefits and pensions payable	**2 175**	**-**	**-**	**-**	**2 175**
Other payables	**8 085**	**-**	**-**	**-**	**8 085**
Member liabilities	**12 472 017**	**-**	**-**	**-**	**12 472 017**
Total financial liabilities	**12 482 277**	**-**	**-**	**-**	**12 482 277**
30 June 2017					
Benefits and pensions payable	1 267	-	-	-	1 267
Other payables	8 221	-	-	-	8 221
Member liabilities	10 560 441	-	-	-	10 560 441
Total financial liabilities	10 569 929	-	-	-	10 569 929

There has been no change to the Plan's exposure to liquidity risk or the management and measurement of that risk during the reporting period.

13. FINANCIAL INSTRUMENTS (continued)

(h) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other market price risk. The policies and procedures put in place to mitigate the exposure to market risk are detailed in the Trustee's investment policies and the Risk Management Framework.

There has been no change to the Plan's exposure to market risk or the manner in which it manages and measures the risk since the 2017 reporting period.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Plan does not undertake any transactions in foreign currency and is therefore not directly exposed to foreign currency risk. However, the Plan is indirectly exposed to foreign currency risk from the international assets held in the AIT, and it is managed in accordance with the Trustee’s approved investment strategy. The AIT enters into forward foreign exchange contracts to hedge into Australian dollars some of the currency exposure arising from its investments denominated in developed markets foreign currencies. These contracts neutralise some of the gains and losses from currency fluctuation. A small part of the investments of AIT, relating to emerging markets, may remain unhedged due to lack of suitable currency instruments for hedging.

13. FINANCIAL INSTRUMENTS (continued)

(h) Market risk (continued)

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Plan is directly exposed to interest rate risk on cash and cash equivalents held with the Reserve Bank of Australia to meet benefits, taxation and insurance payments. All holdings at 30 June 2018 and 30 June 2017 had a maturity profile of less than one month.

The Plan is indirectly exposed to interest rate risk through its investments in AIT. The Trustee manages interest rate risk through its investment strategy including diversification of asset allocation and the use of a diversity of specialist investment sector managers.

The following table illustrates the Plan's sensitivity to a 0.2% p.a. (2017: 0.3%) increase or decrease in interest rates, based on cash balances directly held at reporting date. This represents an assessment of the reasonably possible change in interest rates as at that date. Had interest rates been lower or higher by 0.2% (2017: 0.3%) at reporting date, and all other variables were held constant, the financial result would have improved/(deteriorated) as demonstrated:

	Carrying amount $'000	Interest rate risk $' 000			
		Operating Result Before Tax	Net Assets Available to Pay Benefits	Operating Result Before Tax	Net Assets Available to Pay Benefits
2018		-0.2%		+0.2%	
Cash and cash equivalents	196 225	(392)	(392)	392	392
2017		-0.3%		+0.3%	
Cash and cash equivalents	197 448	(592)	(592)	592	592

In the Trustee's opinion, the sensitivity analysis at reporting date approximates the direct interest rate exposures of the Plan during the financial year.

Other price risk
Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or factors affecting all similar financial instruments traded in the market.

13. FINANCIAL INSTRUMENTS (continued)

(h) Market risk (continued)

Other price risk (continued)

The Plan's investment in AIT is exposed to market price risk in respect of the latter's holdings of equity securities and unit trusts. As the investment in AIT is carried at fair value through profit or loss, all changes in market conditions will directly affect the Plan's net investment income. In its capacity as trustee of AIT, the Trustee manages the market price risk arising from these investments by diversifying the portfolio in accordance with its investment strategy.

The following table illustrates the Plan's sensitivity to a reasonably possible change in the value of its investment in AIT, based on risk exposures at reporting date. The volatility factors represent the average annual historical volatility in the investment option unit prices. For the Cash option and the investments backing the operational risk reserve a factor of 0.2% (2017: 0.3%) has been applied representing a reasonably possible change in interest rates as a proxy for price risk of the option. Had the unit price been higher or lower by the volatility factor at the reporting date, and all other variables were held constant, the financial result would have improved/ (deteriorated) as follows:

			Price risk $' 000			
Financial Assets ARIA Investments Trust:	**Change in price**	**Carrying amount $'000**	**Operating Result Before Tax**	**Net Assets Available to Pay Benefits**	**Operating Result Before Tax**	**Net Assets Available to Pay Benefits**
			(Lower price)		**Higher price**	
2018						
Balanced option	-/+4.0%	125 863	(5 035)	(5 035)	5 035	5 035
Aggressive option	-/+4.9%	1 060 222	(51 951)	(51 951)	51 951	51 951
Cash option	-/+0.2%	150 394	(301)	(301)	301	301
Income focused option	-/+1.7%	256 005	(4 352)	(4 352)	4 352	4 352
MySuper balanced option	-/+4.0%	10 554 156	(422 166)	(422 166)	422 166	422 166
CSCri cash option	-/+0.2%	11 347	(23)	(23)	23	23
CSCri aggressive option	-/+5.2%	17 862	(929)	(929)	929	929
CSCri balanced option	-/+4.1%	90 949	(3 729)	(3 729)	3 729	3 729
CSCri income focused option	-/+1.8%	109 319	(1 968)	(1 968)	1 968	1 968
Operational risk reserve	-/+0.2%	43 384	(87)	(87)	87	87
CSCri cash option-TRIS	-/+0.2%	2 747	(5)	(5)	5	5
CSCri aggressive option-TRIS	-/+4.9%	6 793	(333)	(333)	333	333
CSCri balanced option-TRIS	-/+4.0%	31 649	(1 266)	(1 266)	1 266	1 266
CSCri income focused option-TRIS	-/+1.7%	28 862	(491)	(491)	491	491
Total		12 489 552	(492 636)	(492 636)	492 636	492 636

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

13. FINANCIAL INSTRUMENTS (continued)

(h) Market risk (continued)

Other price risk (continued)

Financial Assets ARIA Investments Trust:	**Change in price**	**Carrying amount $'000**	**Price risk $' 000** Operating Result Before Tax	Net Assets Available to Pay Benefits	Operating Result Before Tax	Net Assets Available to Pay Benefits
			(Lower price)		**Higher price**	
2017						
Balanced option	-/+4.2%	97 789	(4 107)	(4 107)	4 107	4 107
Aggressive option	-/+5.2%	725 888	(37 746)	(37 746)	37 746	37 746
Cash option	-/+0.3%	144 707	(434)	(434)	434	434
Income focused option	-/+1.7%	217 089	(3 691)	(3 691)	3 691	3 691
MySuper balanced option	-/+4.2%	9 106 794	(382 485)	(382 485)	382 485	382 485
CSCri cash option	-/+0.3%	14 925	(45)	(45)	45	45
CSCri aggressive option	-/+5.6%	18 218	(1 020)	(1 020)	1 020	1 020
CSCri balanced option	-/+4.5%	94 689	(4 261)	(4 261)	4 261	4 261
CSCri income focused option	-/+1.9%	110 604	(2 101)	(2 101)	2 101	2 101
Operational risk reserve	-/+0.3%	34 476	(103)	(103)	103	103
Total		10 565 179	(435 993)	(435 993)	435 993	435 993

In the Trustee's opinion, the sensitivity analysis at reporting date is representative of the other market price exposures during the financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

13. FINANCIAL INSTRUMENTS (continued)

(i) Fair value measurements

The Plan's financial instruments are included in the Statement of Financial Position at fair value. The fair value is determined per the accounting policies in Note 3.

Fair value measurements recognised in the Statement of Financial Position
The following table provides an analysis of the Plan's financial instruments whereby the assets and liabilities are each grouped into one of three categories based on the degree to which their method of valuation is observable.

Level 1: fair value measurements are those derived from quoted prices in active markets.

Level 2: fair value measurements are those derived from inputs (other than quoted prices included within Level 1) that are observable such as prices or derived from prices.

Level 3: fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2018				
Financial Assets				
Pooled superannuation trust	**-**	**12 489 552**	**-**	**12 489 552**
2017				
Financial Assets				
Pooled superannuation trust	-	10 565 179	-	10 565 179

There were no transfers between Level 1 and 2 in the period.

Units in the pooled superannuation trust are valued daily based on the latest listed and unlisted market prices and values of the underlying investments, less any tax and expenses.

Reconciliation of Level 3 fair value measurements
There were no Level 3 financial assets or liabilities for the period.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2018

14. RELATED PARTIES

(a) Trustee

Commonwealth Superannuation Corporation (CSC) was the Trustee throughout the reporting period. Included in 'other administration expenses' is an amount of $1,286,179 (2017: $1,233,802) charged to the Plan by CSC for acting as Trustee of the Plan during the reporting period.

(b) Key Management Personnel

The Directors of CSC throughout the year ended 30 June 2018 and to the date of the report were:

Ariane Barker	Sunil Kemppi
Patricia Cross (Chair)	Anthony Needham
Christopher Ellison	Peggy O'Neal
Nadine Flood	Margaret Staib
Winsome Hall	Michael Vertigan
Garry Hounsell	

In addition to the Directors listed above, the following executives of the Trustee had authority and responsibility for planning, directing and controlling the activities of the Plan throughout the year ended 30 June 2018:

Paul Abraham	Executive Manager, Investment Operations
Peter Carrigy-Ryan	Chief Executive Officer
Robert Firth	Head of Risk
Philip George	Executive Manager, Program Management (Previously General Manager, Scheme Administration until 6 August 2017)
Richard Hill	Executive Manager, Technology
Bronwyn McNaughton	Executive Manager, Corporate
Christine Pearce	Executive Manager, Member & Employer Services
Alison Tarditi	Chief Investment Officer
Philip Yardy	Executive Manager, Scheme Administration (Commenced 7 August 2017)
Andy Young	Chief Operating Officer (Previously General Manager, Finance until 31 May 2018)

The following changes to the executives of the Trustee were made subsequent to 30 June 2018:

Alana Scheiffers	Head of Legal & Compliance (From 1 July 2018)
Adam Nettheim	Head of Scheme Operations (From 6 August 2018)
Philip Yardy	Executive Manager, Scheme Administration (Contract ended 3 August 2018)
Christine Pearce	Services Transformation Lead (Previously Executive Manager, Member & Employer Services until 9 September 2018)

Paul Abraham, Christopher Ellison, Robert Firth, Nadine Flood, Philip George, Richard Hill, Sunil Kemppi, Bronwyn McNaughton, Christine Pearce, Alana Scheiffers, Alison Tarditi and Andy Young are members of the Plan. The terms and conditions of their membership, or those of any related parties, are the same as for any other member who is not part of the key management personnel of the Plan.

14. RELATED PARTIES (continued)

(c) Key Management Personnel Compensation

The aggregate compensation of the key management personnel in relation to the Plan is set out below:

	2018	2017
	$	$
Short-term employee benefits	**628 964**	482 249
Post-employment benefits	**53 587**	49 445
Other long-term benefits	**50 458**	37 237
Termination benefits	**-**	26 255
	733 009	595 186

Aggregate compensation in relation to the Plan is a pro-rata apportionment of the overall compensation paid by the Trustee, based on the net assets of the entities under its trusteeship or actual control.

The compensation of key management personnel (including Directors) related to investment management is charged against the assets of the AIT that are referable to the Plan.

The Plan has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally-related entities at any time during the year.

(d) Investing entities

Throughout the year ended 30 June 2018, the Plan's only investment consisted of units in AIT, which was established to provide a cost-effective means of gaining exposure to a broad range of listed and unlisted securities across various asset classes.

The other investors in AIT throughout the year were the Public Sector Superannuation Scheme, the Commonwealth Superannuation Scheme, the Military Superannuation and Benefits Scheme and the Australian Defence Force Superannuation Scheme. All investing transactions are conducted under normal industry terms and conditions.

The Trustee of the Plan, Commonwealth Superannuation Corporation, is the trustee of the following regulated superannuation schemes: Commonwealth Superannuation Scheme, the Public Sector Superannuation Scheme, the Public Sector Superannuation Accumulation Plan, the Military Superannuation and Benefits Scheme and the Australian Defence Force Superannuation Scheme.

The Trustee pays costs of and incidental to the management of the Plan and the investment of its money from the assets of the AIT that are referable to the Plan (Note 7(c)). No fees were charged to the plan or its assets for acting as Trustee during the year ended 30 June 2018 (2017: $nil).

The Plan held the following investments in related parties at 30 June:

	Fair Value of Investment	**Fair Value of Investment**	**Share of Net Income after tax**	**Share of Net Income after tax**
	2018	2017	**2018**	2017
	$'000	$'000	**$'000**	$'000
ARIA Investments Trust	**12 489 552**	10 565 179	**1 005 985**	852 869
	12 489 552	10 565 179	**1 005 985**	852 869

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2018

15. COMMITMENTS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Plan had no capital commitments at 30 June 2018 (2017: $nil).

The Plan had the following commitments for other expenditure as at 30 June 2018 :

	2018	2017
	$'000	$'000
BY TYPE		
Commitments receivable		
Net GST recoverable on commitments[1]	**1 487**	2 147
	1 487	2 147
Commitments payable		
Administration expenses[2]	**(21 804)**	(31 490)
	(21 804)	(31 490)
Net commitments by type	**(20 317)**	(29 343)
BY MATURITY		
One year or less	**(9 871)**	(9 226)
From one to three years	**(10 446)**	(20 117)
Total commitments	**(20 317)**	(29 343)

[1] Commitments payable are GST inclusive.
[2] Administration expenses are estimates of project commitments and operational activities, including the outsourcing of administration of the Plan. These expenses will be met through the collection of member administration fees received from members through the redemption of member benefits held by the Plan. Actual expenses will depend on future member numbers.

In the normal course of business, requests are made by members and former members for the review of decisions relating to benefit entitlements of the Plan (including insurance benefits) which could result in additional benefits becoming payable in the future. Each request is considered on its merits prior to any benefit becoming payable. In the opinion of the Trustee, these requests do not represent a material liability on the Plan.

There were no other contingent liabilities or contingent assets as at the reporting date (2017: $nil).

16. SUBSEQUENT EVENTS

No matters have arisen since 30 June 2018 that have materially affected, or may materially affect, the operations of the Plan, the results of those operations, or the financial position of the Plan in future financial years.